



**MINUTES
CITY COUNCIL WORK SESSION
February 4, 2020**

CALL TO ORDER

The meeting was called to order at 5:00 pm.

Present: Mayor: Charlie Miner; Council: Tom Skjaret, Jahn Dyvik, Michelle Jerde, and Deirdre Kvale

Staff Present: City Administrator: Scott Weske

Absent: None

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

Mayor Miner stated that he would like to add a discussion item regarding the Fire Services Contract to the Work Session agenda.

A motion was made by Jerde, seconded by Skjaret, to approve the agenda as amended. Ayes: all.

OPEN CORRESPONDENCE

No one was in attendance to address the City Council during Open Correspondence.

BUSINESS ITEMS

Discuss and Review Draft Long Term Plan – Andy Berg, AEM Financial Solutions, LLC

Andy Berg, AEM Financial Solutions, introduced and presented the draft Long Term Plan financial long range planning document his firm had prepared for the City. He reviewed the assumptions that were used to calculate the projects in the report and clarified that all the assumptions were discussed with City staff before they were used. He gave an overview of four key highlights from the draft Long Term Plan.

Council discussed some of the assumptions that may have been too conservative, such as population growth.

Mr. Berg reviewed the existing fund balances and their estimated changes through 2024. He reviewed the schedule of tax levies and tax rates through 2024.

City Administrator Weske explained that they went with a conservative approach because they felt it would be more realistic in the short-term calculations. He explained that once things begin to change, all it will take is a click of the button to amend the calculations.

Mr. Berg reviewed the Capital Improvement Plan for the various City funds.

The Council talked about the fact that the Park Fund needs help and the City needs to make a plan to improve parks. Council members discussed the possible use of franchise fees as a way to finance street improvements and other financing sources.

Mr. Berg commented that the choices for financing come down to the goals and philosophy of the Council. He stated that the good news is that there are some funding sources available so the City may not need to bond for the full amount for these projects.

The Council discussed bond rates and the ability of the enterprise funds to pay for their share of the debt. They discussed ways to fund projects without bonding for the full amount.

Weske reviewed past discussions between staff and Council regarding the increase in Metropolitan Council surcharges and ways to at least break even and not just absorb the increases, which is what has been happening for the last few years.

Council requested staff come back with recommendations regarding water and sewer rates.

Mr. Berg suggested the Council have larger discussions about how the City wants to fund its projects, utility rates, and where they would like to have the General Fund be.

Council member Dyvik asked if Mr. Berg had an opinion on the City's cash balance amount. He stated that he thinks the City should use some of these funds.

Mr. Berg stated that if it is broken down by individual funds, the General Fund is maintaining a good cash balance for operations. He indicated he believes that what the City has in capital funds is a bit higher than most cities of similar size and the City would have room to utilize some of those funds. He noted that the City's enterprise funds are a bit lower than typical, which would be 50% of the operating costs.

Council member Skjaret expressed concerns about leaving the City in a position where it could be vulnerable.

Weske stated that he would support using some of the available cash to fund some of the upcoming sewer projects.

Mr. Berg suggested that the Council also use some of the funds to infuse the Park Capital Improvement Fund.

Fire Services Contract (Added Item)

Mayor Miner noted that this item will be on the regular Council agenda but he wanted the Council to have a chance for some deeper discussion about some of the possibilities. He provided an overview of ongoing discussions regarding the fire service contract. He noted that minutes from meetings where Long Lake officials and Orono officials had met with firefighters were provided to the Council as a bench handout, and he encouraged them to read through them because it gives a better idea of where Orono is coming from regarding this issue. He stated that Long Lake representatives had also met with Medina last week to discuss possibilities for the future of the fire service.

Fire Chief Van Eyll gave an overview of discussions with Medina. He stated that they also had a discussion with the Hamel Fire Department about a possible partnership with them.

The Council discussed some of the details that will need to be decided in future about locations, areas of services, and ownership of equipment.

It was the consensus of Council to support discussions with the Hamel Fire Department about the possibilities of some sort of partnership with the City for fire services.

OTHER BUSINESS

No other business was discussed.

ADJOURN

Mayor Miner adjourned the meeting by general consent at 6:30 pm.

Respectfully submitted,

Scott Weske
City Administrator